

ASX ANNOUNCEMENT

25 August 2023

PACIFIC CURRENT GROUP FULL YEAR RESULTS

Year ended 30 June 2023

SYDNEY (25 August 2023) - Pacific Current Group (ASX:PAC, "Pacific Current") is pleased to report the Company's full year results for the period ending 30 June 2023:

- Funds under management (FUM) reached A\$204b, a 16% increase (21% AUD)
- Ownership Adjusted FUM grew from US\$12.9b to US\$14.1b
- Boutique Contributions, ex mark-to-market adjustments grew 2% (10% AUD) driven by 13% (22% AUD) growth in management fee-related revenues
- Underlying NPAT declined 11% (4% AUD) due to increased interest expense and lower corporate commission revenues
- Underlying earnings per share (EPS) of A\$0.51 Vs. A\$0.53 in FY22
- Final dividend of A\$0.23 per share (A\$0.38 for full year, the same as in FY22), which will be 67% franked
- US\$30m invested in Cordillera Investment Partners
- PAC's internal fair value estimate of NAV A\$11.92 exceeds statutory NAV by A\$2.04 per share
- Post fiscal year-end, two firms made public statements expressing interest in acquiring PAC. UBS has been retained to advise PAC on strategic matters and to ensure it considers a broad group of prospective partners

OPERATIONAL PERFORMANCE

PAC's underlying Boutique Contributions, ex mark-to-market adjustments, grew 2% (10% AUD). Strong growth in management fees at the portfolio level was partially offset by a decline in performance fees, as well as lower corporate commission revenues. NPAT fell 11% (4% AUD) driven largely by an increase in interest expense related to PAC's new credit facility. Underlying EPS was A\$0.51. Changes in currency exchange rates benefitted reported results when expressed in AUD. PAC is declaring a final dividend of A\$0.23 per share, bringing the full year dividend to A\$0.38 per share. The dividend will be 67% franked.

Revenues were driven by greater contributions from annualisation of Banner Oak and GQG, as well as a new investment in Cordillera Investment Partners (Cordillera). Performance fees fell modestly, in part, due to the more difficult environment for private equity firms to sell assets. Lower commission revenues were earned due to fewer portfolio companies in active fundraising mode.

PAC recognised a statutory loss for the year of roughly A\$15.8m, which primarily reflects the unrealised loss in PAC's GQG position and an impairment of the Aether investment.

Aggregate funds under management (FUM) grew from A\$169b to A\$204b. Ownership Adjusted FUM increased from US\$12.9b to US\$14.1b. Gross new commitments to PAC's portfolio companies totaled A\$10.1b (ex GQG) for FY22 and FY23, exceeding PAC's estimate of up to A\$8b.

PORTFOLIO MANAGEMENT

The biggest portfolio development was the US\$30m investment in Cordillera in April 2023. Cordillera epitomises many of the attributes PAC seeks in its investments. It has a talented and motivated leadership team and offers a distinctive private capital strategy (such as investing in boat marinas, whisky barrel aging and music royalties), which has appeal both to institutional and high net worth investors.

FAIR VALUE ADJUSTED NAV

As at 30 June PAC's statutory results reflect a NAV of A\$9.88 per share. As previously noted, IFRS accounting standards require PAC to use a variety of accounting treatments for PAC's boutiques. The result is that some assets are reported at fair value in PAC's statutory accounts, while others are initially reported at investment cost and can only be written down, but not up. For the first time, PAC is providing its internal fair value estimates for the PAC boutiques of A\$11.92 per share. These internal fair value estimates of NAV exceed reported statutory NAV by A\$2.04 per share.

POTENTIAL ACQUISITION

After the conclusion of the fiscal year, the PAC Board received an unsolicited offer from Regal Partners to acquire PAC for A\$10.77 per share (based on GQG stock price on 24 July). The proposed consideration for PAC shareholders included 75% in cash and 25% in GQG stock. On 27 July, one of PAC's portfolio companies, GQG Partners, announced its intention to make an acquisition offer as well.

In light of these developments, PAC hired UBS to help evaluate these offers and ensure PAC considers an appropriate breadth of potential partners. PAC anticipates making further announcements on this topic during September.

OUTLOOK

PAC management expect FY24 to be a watershed year for the company. This optimism is related to the following:

- Certain key boutiques, like Victory Park and Pennybacker are entering periods where their contributions to PAC should grow meaningfully based on FUM already and/or imminently secured
- Growing contributions from a handful of other portfolio companies

- PAC anticipates closing on a significant new investment in the near term. The new portfolio company is a private capital-oriented firm with exceptional management, impressive track record and exciting growth prospects
- Additional A\$2b - \$5b of gross new commitments to boutiques ex GQG
- Continued progress toward securing external funds to manage, which would provide PAC with a significant source of new management fee revenue at the corporate level

Pacific Current's Chairman, Tony Robinson noted, "For several years we have made the case that our assets are undervalued. With outside interest in acquiring PAC, it appears that others share that sentiment. We are working through these strategic alternatives as thoughtfully and expeditiously as possible, and are confident our shareholders will be well served by the outcome."

Pacific Current's Managing Director & CEO and CIO, Paul Greenwood, "While the macro environment delayed some portfolio company fundraising and specific revenue developments expected in FY23, we are highly confident that these will be secured soon and contribute to what we expect will be a year of record revenues and profits in FY24."

OTHER CONSIDERATIONS

FUM

The relationship between the boutiques' FUM and the economic benefits received by PAC can vary dramatically based on factors such as:

- the fees charged by each boutique on the assets it manages, including one-time, up-front fees;
- the varying size of PAC's ownership interest in each boutique; and
- the unique economic terms negotiated between PAC and each boutique including the manner in which PAC expects to realize value from its investment.

Accordingly, PAC cautions against simple extrapolation of PAC's projected results based on FUM trends.

FAIR VALUE NAV

Fair value is the price that would be expected to be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

The valuation techniques used in determining these Fair Values are based on forecast information that has been prepared using a set of assumptions about future events and management actions that are not certain to occur. Furthermore, other events and management actions which have not been forecast to occur may nevertheless occur. If events do not occur as assumed, the actual results achieved may vary significantly from the forecast outcome, significantly impacting the resulting value.

In addition, given the nature of these investments it may be difficult to deal with a specific investment in a specific market at a specific time. Alternatively, the most appropriate acquirer of an investment, may be a special purchaser that can enjoy benefits of owning that asset that are not available to other potential owners.

As such the Group does not warrant or guarantee that these Fair Values are the amounts that any specific investment would be realised at.

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ABOUT PACIFIC CURRENT GROUP

Pacific Current Group Limited is a multi-boutique asset management firm dedicated to providing exceptional value to shareholders, investors, and partners. We apply our strategic resources, including capital, institutional distribution capabilities and operational expertise to help our partners excel. As at 25 August 2023, Pacific Current Group has investments in 16 boutique asset managers globally.

CONFERENCE CALL

Pacific Current Group would like to invite you to join our conference call to be held at **9:00am (AEST) on Friday, 25 August 2023**.

The presenters will be Paul Greenwood, MD & CEO and CIO and Ashley Killick, CFO.

INVESTOR CONFERENCE CALL DETAILS

The call will be held via webcast or conference call dial-in. Please use the links below to register ahead of the event.

Pre-registration link (required to join teleconference for Q&A participation):

<https://s1.c-conf.com/diamondpass/10031997-hg82w6.html>

Webcast (listen mode only):

<https://webcast.openbriefing.com/pac-fyr-2023/>

(An online archive of the webcast event will be available approximately four hours after the webcast)

AUTHORISED FOR LODGEMENT BY:

The Board of Pacific Current Group Limited

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